

SECOND REGULAR SESSION

# HOUSE BILL NO. 1997

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES SCHATZ (Sponsor), HINSON, KORMAN, REDMON,  
SCHIEBER, RICHARDSON, LAUER, HAMPTON, ENGLISH, ELMER, MILLER, HURST,  
RHOADS AND ROSS (Co-sponsors).

6179H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 287.957 and 287.975, RSMo, and to enact in lieu thereof two new sections relating to workers' compensation premium rates.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 287.957 and 287.975, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 287.957 and 287.975, to read as follows:

287.957. The experience rating plan shall contain reasonable eligibility standards, provide adequate incentives for loss prevention, and shall provide for sufficient premium differentials so as to encourage safety. The uniform experience rating plan shall be the exclusive means of providing prospective premium adjustment based upon measurement of the loss-producing characteristics of an individual insured. An insurer may submit a rating plan or plans providing for retrospective premium adjustments based upon an insured's past experience. Such system shall provide for retrospective adjustment of an experience modification and premiums paid pursuant to such experience modification where a prior reserved claim produced an experience modification that varied by greater than fifty percent from the experience modification that would have been established based on the settlement amount of that claim. The rating plan shall prohibit an adjustment to the experience modification of an employer if the total medical cost does not exceed [one thousand dollars] **twenty percent of the current split point of primary and excess losses under the uniform experience rating plan**, and the employer pays all of the total medical costs and there is no lost time from the employment, other than the first three days or less of disability under subsection 1 of section 287.160, and no claim

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 is filed. An employer opting to utilize this provision maintains an obligation to report the injury  
17 under subsection 1 of section 287.380.

287.975. 1. The advisory organization shall file with the director every pure premium  
2 rate, every manual of rating rules, every rating schedule and every change or amendment, or  
3 modification of any of the foregoing, proposed for use in this state no more than thirty days after  
4 it is distributed to members, subscribers or others.

5 2. The advisory organization which makes a uniform classification system for use in  
6 setting rates in this state shall collect data for two years after January 1, 1994, on the payroll  
7 differential between employers within the construction group of code classifications, including,  
8 but not limited to, payroll costs of the employer and number of hours worked by all employees  
9 of the employer engaged in construction work. Such data shall be transferred to the department  
10 of insurance, financial institutions and professional registration in a form prescribed by the  
11 director of the department of insurance, financial institutions and professional registration, and  
12 the department shall compile the data and develop a formula to equalize premium rates for  
13 employers within the construction group of code classifications based on such payroll differential  
14 within three years after the data is submitted by the advisory organization.

15 3. The formula to equalize premium rates for employers within the construction group  
16 of code classifications established under subsection 2 of this section shall be the formula in effect  
17 on January 1, 1999. This subsection shall become effective on January 1, 2014.

18 **4. For the purposes of calculating the premium credit under the Missouri**  
19 **contracting classification premium adjustment program, an employer within the**  
20 **construction group of code classifications may submit to the advisory organization the**  
21 **required payroll record information for the first, second, third, or fourth calendar quarter**  
22 **of the year prior to the workers' compensation policy beginning or renewal date, provided**  
23 **that the employer clearly indicates for which quarter the payroll information is being**  
24 **submitted.**

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